

Honolulu, Hawaii

APR 04 2014

RE: H.B. No. 2275

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 2275 entitled:

"A BILL FOR AN ACT RELATING TO MORTGAGE RESCUE FRAUD,"

begs leave to report as follows:

The purpose and intent of this measure is to amend Hawaii's
Mortgage Rescue Fraud Prevention Act by:

- (1) Clarifying the definition of "distressed property consultant"; and
- (2) Specifying that only attorneys licensed to practice law in the State of Hawaii are exempt from the definition of "distressed property consultant".

Your Committee received testimony in support of this measure from the Office of Consumer Protection of the Department of Commerce and Consumer Affairs and one individual.

Your Committee finds that mortgage rescue schemes continue to plague distressed property owners in Hawaii. The amendments in this measure pertaining to the definition of "distressed property consultant" will assist the Office of Consumer Protection's enforcement of the Mortgage Rescue Fraud Prevention Act, codified as chapter 480E, Hawaii Revised Statutes, against all persons involved in a mortgage rescue scheme.

Your Committee further finds that persons who have provided services to distressed property owners have attempted to evade



compliance with chapter 480E, Hawaii Revised Statutes, by claiming they are not distressed property consultants or that they fall under the chapter's attorney exemption because they are, or performed services in connection with, out-of-state attorneys. This measure makes it clear that only attorneys licensed to practice law in the State of Hawaii fall under the attorney exemption, ensures compliance with federal regulations, and ensures that all attorneys performing distressed property consulting in the State are subject to the Hawaii Rules of Professional Conduct and the jurisdiction of Hawaii's Office of Disciplinary Counsel.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2275, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HB 2275</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">CPN, JDL</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">3/28/14</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile S.L. (VC)	✓			
GABBARD, Mike	✓			
GALUTERIA, Brickwood	✓			
IHARA, Jr., Les				✓
SOLOMON, Malama				✓
SLOM, Sam				✓
TOTAL	4			3
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Distribution:</div> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes